

3/30/06

**MEMORANDUM**

**SUBJECT:** Grants Involving Counter-Terrorism Coordination Activities by States and Territories

**FROM:** Cynthia C. Dougherty, Director /s/  
Office of Ground Water and Drinking Water (4601M)

**TO:** Water Management Division Directors  
Regions I - X

**PURPOSE**

The purpose of this memorandum is to provide information on annual grants that the Environmental Protection Agency will award for counter-terrorism coordination activities by the States and Territories under appropriations in the State and Tribal Assistance Grants (STAG) account. The information provided in this memorandum shall apply to the disbursement and administration of these grants. If there are any future changes to this grant program to the States and Territories then a revised memorandum will be issued.

**BACKGROUND AND AUTHORIZATION**

This grant to the States and Territories program was established in FY 2002, and was initially authorized by the Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002 (Public Law 107-117), which was enacted on January 10, 2002.

STAG funding is being made available to EPA for award to States and Territories to support counter-terrorism coordination activities by the States and Territories in protecting the Nation's drinking water systems. Regional programs supporting Tribal water systems are requested to use funds in the existing Public Water System Supervision (PWSS) Tribal Reserve for assistance to Tribal water utilities. Regions have the authority to adjust priorities for use of their Tribal Reserve allotment to fund needed homeland security activities.

The authorization for this grant program is section 1442 of the Safe Drinking

Water Act, as amended. Consequently, these grants can be awarded only to the States' and Territories' drinking water programs, and the activities supported must be consistent with subsections (a) and (c) of section 1442. Eligible activities are described below.

These grants are exempt from the Grants Competition Policy, EPA Order 5700.5. The Assistant Administrator for Administration and Resources Management, approved this exemption on July 2, 2003. (See Attachment A.)

## **PROJECT SPECIFIC GUIDELINES**

### Program Office Responsibilities

The Regional Program Offices are responsible for obtaining grant applications from their respective States and Territories.

The Regions are also responsible for complying with all Office of Water and EPA award, monitoring, and closeout requirements. (See Attachment B for pertinent grant requirements.) Catalog of Federal Domestic Assistance (CFDA) **#66.474** must be used on all grant packages.

On November 14, 2003, EPA disseminated a memorandum entitled "Performance Standards for Grants Management (GPI 04-03)." This memorandum requires that performance standards established for project officers and their supervisors adequately address grants management responsibilities. This guidance has now been amended by Interim Guidance from the Office of Grants and Debarment, dated January 20, 2006, for incorporating assessment of grants management performance under the Performance Appraisal and Recognition System (PARS). This interim guidance should be used in the development of 2006 performance agreements and 2006 performance reviews.

### Delegation of Authority

Authority to award grants to the States and Territories is delegated to the Regional Administrators under 9-10 (revised April 11, 2001) of the Delegations Manual (1200 TN 526) with re-delegation to Division Directors. (See Attachment C.)

### Allocation of Funds

Appropriations in STAG funds shall remain available until expended. A modification of the basic PWSS formula was chosen in FY 2002 to allocate funding to each State and Territory and the use of this formula continues. Each State will receive a minimum of \$50,000 and each Territory at least \$16,700. Allotments of funds to States and Territories and the associated accounting information will be provided to

Regional EPA Offices when the funds become available in the appropriate fiscal years.

### Uses of Funds

The States and Territories are to use funds obtained under these grants for coordination activities for critical water infrastructure protection efforts that include work with water systems as well as with State, local and Federal agencies. (Regions 3 and 8 will administer funds designated for the District of Columbia and Wyoming respectively.) These activities include coordinating and providing technical assistance, training and education within the State or Territory on homeland security issues (particularly with homeland security offices and emergency response officials) relating to: ensuring the quality of drinking water utility vulnerability assessments and associated security enhancements; communicating the 14 key features of an active and effective security program (NDWAC Water Security Recommendations of 14 features are described in detail at: [http://www.epa.gov/safewater/ndwac/pdfs/wswg/wswg\\_report\\_final\\_july2005.pdf](http://www.epa.gov/safewater/ndwac/pdfs/wswg/wswg_report_final_july2005.pdf)) ; helping to ensure security best practices for small systems; promoting outreach and education at small systems; promoting mutual aid compacts development; supporting the development of system redundancy and disaster mitigation plans; and developing and overseeing emergency response and recovery plans. No match (share cost) for these grant funds is required.

Specifically, under these grants States/Territories need to describe activities and/or strategies that would assist in emergency response and recovery preparedness. Among the emergency response and recovery plan activities that could be funded are table-top workshops, exercises, drills, response protocols or other activities focusing on training to enhance security and improving the readiness of individuals and groups involved in first response at a drinking water system.

This memorandum assumes that prior Fiscal Year funds have been obligated. If that is not the case, Regions are first to obligate all prior Fiscal Year funds before they charge payments against new Fiscal Year funds.

### Limitations on Use of Funds

These funds are to be used solely for the activities described in this memorandum and should not be incorporated into a Performance Partnership Grant.

### Pre-Award

Pre-award costs for new grants are allowable for up to 90 days prior to the date of this memorandum.

### NIMS Requirement

Consistent with the Department of Homeland Security NIMS initiative, recipients of federal funding for emergency response projects must adopt the National Incident Management System (NIMS) or not be eligible for funding. All 50 states and all territories have already filed their NIMS self certifying compliance letters for 2006 with the NIMS Integration Center, so this requirement has been met by all states and territories, and therefore is not an issue for the 2006 grants awards.

### Environmental Results

EPA Order 5700.7, "Environmental Results Under Assistance Agreements," applies to all non-competitive funding packages/funding recommendations submitted to the Grants Management Offices after January 1, 2005. The Order requires EPA Program Offices to: 1) link proposed assistance agreements to the Agency's Strategic Plan/GPRA architecture; 2) ensure that outputs and, to the maximum extent practicable, outcomes are addressed in assistance agreement work plans and funding recommendations; and 3) ensure that progress in achieving agreed-upon outputs and outcomes is adequately addressed in recipient progress reports and advanced monitoring activities.

Grant awards under this program support Goal 2, "Clean and Safe Water," Objective 2.1, "Protect Human Health," and Subobjective 2.1.1, "Water Safe to Drink," of EPA's 2003 – 2008 Strategic Plan. Specifically, this award will enhance public health protection by securing critical water infrastructure through support for counter-terrorism preparedness. Example outputs and outcomes include:

- ☐ Changed management and operation of drinking water utilities based on training. (Outcome)
- ☐ Improved emergency response coordination and communications. (Outcome)
- ☐ Development of materials (i.e., documents, training manuals, etc.) focused on improving security and emergency response. (Output)
- ☐ Number of trainings, workshops, and/or conferences conducted to improve infrastructure protection, increase preparedness, and/or provide information to drinking water utilities. (Output)

### Post-Award Management

Given the variations between Regions, each Region may determine for itself what level of monitoring is appropriate for these grants so long as the Regions comply with OW and Agency requirements.

EPA Order 5700.6, revised January 8, 2004, streamlines post-award management of assistance agreements and helps ensure effective oversight of recipient performance and management. The Order encompasses both the administrative and programmatic aspects of the Agency's financial assistance programs. It requires each

EPA program office providing assistance to develop and carry out a post-award monitoring plan, and conduct basic monitoring for every award. From the programmatic standpoint, this monitoring should ensure satisfaction of five core areas: (1) compliance with all programmatic terms and conditions, (2) correlation of the recipient's work plan/application and actual progress under the award, (3) availability of funds to complete the project, (4) proper management of and accounting for equipment purchased under the award, and (5) compliance with all statutory and regulatory requirements of the program. If during monitoring, it is determined that there is reason to believe that the grantee has committed or commits fraud, waste and/or abuse, then the project officer must contact the Office of Inspector General. Advanced monitoring activities must be documented in the official grant file and the grantee compliance database.

## **ACTIONS**

Upon receipt of fund allotments for State and Territory grants with the associated accounting information, your Office is requested to initiate the process whereby the States and Territories may apply for these grants according to this memorandum. I urge you work with the States and Territories to apply as soon as possible so that you may obligate most, if not all, funds by September 30.

\* \* \* \* \*

We look forward to continuing to work with you and your staff to develop effective, efficient approaches to ensuring that drinking water systems are as safe as possible as soon as possible. If you have any questions on this particular portion of the program, please contact Nancy Muzzy of the OGWDW's Water Security Division at (513) 569-7864 and [muzzy.nancy@epa.gov](mailto:muzzy.nancy@epa.gov).

cc: Water Security Division Regional contacts  
Regional Water Branch Chiefs  
R. Kuhlman, GAD  
J. Taft, ASDWA  
(Regions to inform State Drinking Water Administrators)

Attachments A - C

Attachment A (copy of signed document on file)

**JUSTIFICATION FOR A NON-COMPETITIVE ASSISTANCE PROGRAM**

*Water Security Coordination Grants to the States*

**I. BACKGROUND**

In the FY 02 supplemental appropriation for defense and homeland security activities, EPA received a total of \$88.8 million to enhance and strengthen the protection of the Nation's critical water infrastructure (drinking water and wastewater). Included in this total was \$5.0 million in the State and Tribal Assistance Grants appropriation account (STAG) to support counter-terrorism coordination activities by the states/tribes/territories in protecting drinking water systems.

A new grant program to the States/Tribes/Territories (Catalog of Federal Domestic Assistance #66.474) was established and funds were awarded in 2002 prior to the effective date of EPA Order 5700.5. This program, however, was not included in the list of EPA grant programs that are exempt from the competition policy now in effect.

**II. EXCEPTION TO FULL AND OPEN COMPETITION**

In accordance with the processes and procedures of EPA Order 5700.5, the Office of Water requests exemption from competition for assistance agreements awarded under the Water Security Grant Program. Two provisions of this order are applicable justifications, i.e., section 7.2 the interests of national security and section 8.4 the award is required by Federal statute to identified recipients pursuant to language in the FY 02 supplemental appropriations act.

For making grants for emergency expenses to respond to the  
September 11, 2001, terrorist attacks on the United States, and  
to support activities related to countering potential biological and  
chemical threats to populations, for 'State and tribal assistance  
grants', \$5,000,000, to remain available until expended, to be  
obligated from amounts made available in Public Law 107-38.  
(See Attachment 1)

**III. FACTS BEARING ON THE CONCLUSION**

1. Under Presidential Decision Directive 63, EPA has been assigned lead federal responsibility for the water sector in matters of critical water infrastructure protection.
2. The report accompanying the FY 02 supplemental appropriations act clearly identifies the purposes of the \$5.0 million appropriated in the STAG account, i.e., "for State grants for counter-terrorism coordinators to work with EPA and drinking water utilities in assessing

drinking water safety.” (See Attachment 2)

3. Competing these funds would be inconsistent with the intent of the Congress because the language is clear that the States/tribes/territories are to be the recipients of these funds and competition could result in an uneven level of coordination nationwide. Accordingly, a formula, based on an existing formula grant to the States for drinking water programs, was developed in FY 02 ensuring that each State will receive a minimum of \$50,000 and each Territory at least \$16,700 of these funds. Funds for Indian tribes are available from a set aside that has been established to assist them in a variety of drinking water, including infrastructure protection, activities.

4. For national security purposes, these funds need to be awarded expeditiously to the states so that there is no interruption in their ongoing water security coordination endeavors.

5. This justification shall be effective for as long as the President’s annual budget to the Congress includes a request for funds for this grant program and Congress appropriates such funds.

#### **IV. CONCLUSION**

Based on the foregoing, the Office of Water has concluded that it is appropriate to award the grant program to the states/tribes/territories for water security coordination on a non-competitive basis. This program justification is accurate and complete to the best of our knowledge.

#### **APPROVALS**

##### **RECOMMENDED:**

\_\_\_\_\_/S/\_\_\_\_\_  
G. Tracy Mehan, III  
Assistant Administrator for Water

Date: 6/20/03

##### **CONCURRENCE:**

\_\_\_\_\_/S/\_\_\_\_\_  
Pat Patterson  
Associate Director for Competition and Strategic Planning  
Office of Grants and Debarment

Date: 6/25/03

##### **APPROVAL:**

\_\_\_\_\_/S/\_\_\_\_\_  
Morris X. Winn  
Assistant Administrator

Date: 7/02/03

## Office of Administration and Resources Management

### Attachments



Attachment B  
Some pertinent information  
(EPA orders, Grants policy issuances, OW guidance)

1. EPA Orders: <http://intranet.epa.gov/rmpolicy/ads/transorders.htm>

- Order 5700.6A1, "Policy on Compliance, Review and Monitoring"  
(replaces EPA Order 5700.3, "EPA Policy for Post-Award Management of Grants and Cooperative Agreements by Headquarters and Regional Offices"; also replaces GPI-99-5, "EPA Policy for Post-Award Management of Grants and Cooperative Agreements by Headquarters and Regional Offices" as well as GPI-98-6, "Post Award Management of Assistance Agreements")
- EPA Order 5730.1A1, "Policy and Procedures for Funding Assistance Agreements"
- EPA Order 5700.7, "Environmental Results in EPA Assistance Agreements"

2. Grants Policy Issuances: [http://intranet.epa.gov/ogd/regulations\\_policy.htm](http://intranet.epa.gov/ogd/regulations_policy.htm)  
Click on "Grants Policy Issuances" near the top of the page.

3. OW information on grants: <http://intranet.epa.gov/ow/>  
<http://intranet.epa.gov/ow/grants> Click on "Grants" under the "Resource Management" menu at the top of the page.  
<http://intranet.epa.gov/ow/grants/bpmer.html>

4. Code of Federal Regulations: <http://www.gpoaccess.gov/cfr/index.html>  
<http://www.access.gpo.gov/nara/cfr/cfr-retrieve.html>  
- 40 CFR 31 - Uniform administrative requirements for grants and cooperative agreements to state and local governments

5. Grant application forms:  
<http://www.epa.gov/ogd/AppKit/application.htm>

## Attachment C

DELEGATIONS MANUAL

1200 TN 526  
04/11/2001

### SAFE DRINKING WATER ACT

#### 9-10. Assistance, Information, and Training of Personnel

1. **AUTHORITY.** Pursuant to Section 1442 of the Safe Drinking Water Act, as amended, authority to:

- a. Conduct research, studies, and demonstrations relating to the causes, diagnosis, treatment, control, and prevention of physical and mental diseases and other impairments of man resulting directly or indirectly from contaminants in water, or to the provision of a dependably safe supply of drinking water, including improved methods of protecting underground sources of drinking water.
- b. Perform the EPA functions and responsibilities relative to collecting and making available information; making available Agency facilities; and approving assistance agreements for training projects and for the development and expansion of programs of States and municipalities in accordance with Sections (a)(2) and (c).
- c. Approve assistance agreements for the purpose of improving water quality to any individuals, public agency, educational institutions, publicly owned water systems, persons, and any other non-profit organization in accordance with Section (a), supplemented, as appropriate, for international awards by the National Environmental Policy Act, Section 102(2)(F).
- d. Approve grants or cooperative agreements to any public agency, educational institution, and any other organization for training projects authorized by Section 1442(c)(3)(A), and 1442(c)(1) of the Safe Drinking Water Act, as amended.

2. **TO WHOM DELEGATED.**

Authorities (a) and (b) are delegated to the Assistant Administrator for Water and Regional Administrators.

Authority (c) is delegated to the Assistant Administrator for Water.

Authority (d) is delegated to the Assistant Administrator for Water, the Assistant Administrator for Research and Development, and Regional Administrators.

3. LIMITATIONS.

- a. The authority delegated does not include research within the purview of the Office of Research and Development.
- b. The authority delegated to the Regional Administrators under (b) does not include Section 1442(c)(2).
- c. The authority delegated to the Assistant Administrator for Research and Development is limited to multi-disciplinary training assistance initiated and funded by an office other than the primary holder of training grant authority.

4. REDELEGATION AUTHORITY. These authorities may be redelegated to the Division Director level, or equivalent, and may not be redelegated further.